Synopsis

on

Determinants of Financial Literacy and its Effects on Investment Decisions: A Study of Generation Z and Millennials

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Topic of the Research:

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1. INTRODUCTION

In this new age of time, it is very important for every individual to properly manage their money and it becomes essential in times of economic and financial turmoil. Now it is very necessary for every individual to be financially literate because markets are now very sophisticated as compare to one to two decade ago. Financial literacy makes individual familiar with financial markets products, risk related to those products, rewards from those products. This information helps the investor in taking informed decisions. Financially literate individual can take better decisions than a person who has no knowledge. It can help investors in earning higher returns.

1.1 Introduction to financial literacy

Financial literacy helps to know the nature of finance and earning potential of savings. Financial literacy makes person able to take informed financial decisions in various areas like banking, insurance, real estate matters, capital markets, property and tax planning etc. Financial literacy also helps individual to manage their personal finance. It is an ability to take intelligent decisions for their better financial well-being. There are various definitions of financial literacy, for example, OECD defines financial literacy as “A combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve financial wellbeing.” (OECD INFE ,2011). A financially literate individual is able to make intellectual judgements and take effective choices regarding the usage and management of

money (Noctor et al. 1992). Financial literacy concepts include knowledge of concepts related to finance, ability to manage personal finance, financial decisions making skills, confidence of making financial planning for future.

1. **Knowledge of concepts related to finance:** Knowledge is very basic element in financial literacy. Knowledge of various concepts and terms which are of financial nature that help an investor in taking well informed decisions so that they can earn higher returns than an ordinary decision which are taken by person who has no knowledge. Knowledge of financial literacy makes investor able to manage their money in better way.
2. **Ability to manage personal finance:** Financial literacy is an ability of a person to do their personal money management. Individual is able to earn high returns according to their expectations by investing efficiently in various options. It is an ability of investor to properly analyze the various options and choose that options which is suitable for them. `
3. **Financial decisions making skills:** Financial literacy makes it possible for investor to take well informed decisions. Decisions regarding where to invest and what avenue will be include in portfolio. Financial literacy helps an investor in doing intelligent investment according to their needs and expectations.
4. **Confidence of making financial future planning:** Financial literacy makes an investor confident about their financial future planning and they have enough will power and intention to control their finances for their financial wellbeing. Future planning includes planning for retirements, invest in long term financial instruments, insurance planning, buying new home etc.

1.2 Financial literacy dimensions: Definition that properly covers this idea is proposed by OECD (Organization for Economic Co-operation and Development) where financial literacy is regarded as a combination of awareness, knowledge, skill, attitude, and behavior needed to make sound financial decisions and ultimately achieve individual financial well-being (OECD, 2013). Thus, the OECD addresses financial literacy in three dimensions: financial knowledge, financial behavior, and financial attitude. This paper adopts such a definition, where financial literacy is defined as a combination of financial behavior, financial knowledge, and financial attitude. This

choice is justified because this concept is widely used in the literature, and it encompasses the largest number of dimensions (Atkinson & Messy, 2012).

1.3 Introduction to Investment decisions:

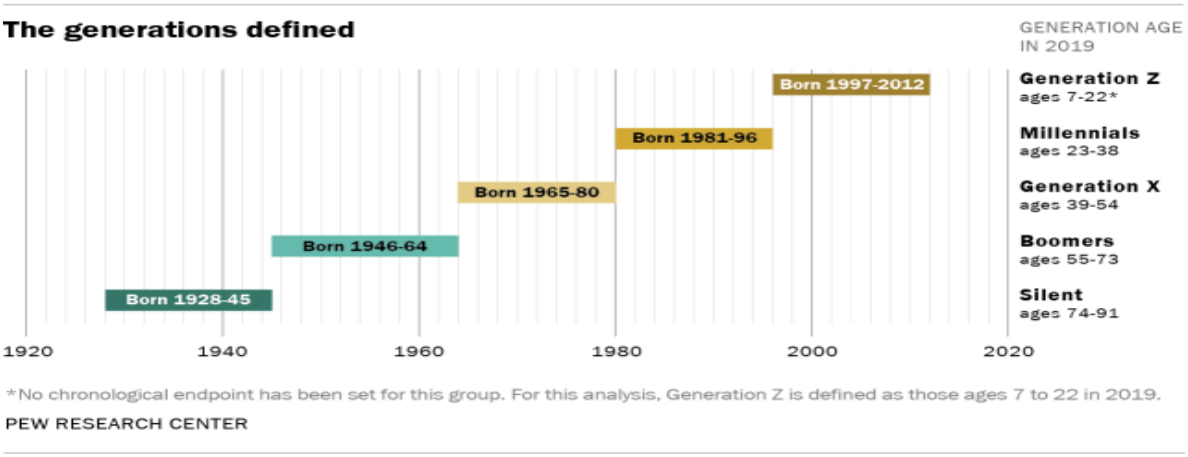
Investment is defined as investing funds in various types of avenues for earnings. The motives of investment are different from one investor to another. Every individual investor has their own preferences regarding investments choices. These preferences of investors can be influence by various factors. The objectives of investment can be high returns, security, capital appreciation, low risk etc. Investment can be done for short term, middle term, or long term according to needs of investor. In this new age of world there are various options available for investment. Investor can invest in any option by matching their own risk-taking capacity with the risk associated with that particular option. Various investment avenues are equity share, debts, mutual funds, bank fix deposits, corporate debentures, company fix deposits, post office savings, real estate, public provident fund, national pension system, senior citizen saving scheme, gold and silver etc. These are various options which are available as investment avenues and many more are there. Investors have to take wise decisions according to their needs and objectives. These decisions can be influenced by different factors of individual. Knowledge of finance can make easy for investor to properly analyze the avenues, choose according to their risk profile, time limits and expectation of returns.

The term investment means money that is spent now with the hope to get good returns in future. Our Indian financial system encourages public to save money and invest them to their best possible use through financial institutions and intermediaries which are operating in our financial markets like capital market or money market. Factors which influence the investment decisions are liquidity, tax benefits, capital appreciation, regular returns, risk, time horizon and to meet emergencies.

1.4 Introduction to Generation Z and Millennials

Millennials: Anyone born between 1981 and 1996 (ages 23 to 38) is considered a Millennial.

GEN Z : Gen Z is the newest generation to be named and were born between 1997 and 2012/15. They are currently between 7-22 years old. The name GENERATION Z is used for the youngest people on the planet.



SOURCE: https://www.pewresearch.org/fact-tank/2019/01/17/where-millennials-end-and-generation-z-begins/ft_19-01-17_generations_2019/ on 28-12-2020

2 Literature review:

2.1 Relationship between financial literacy and investment decisions.

2.1.1 Guiso and Jappelli (2008) studied about the relationship between financial literacy and portfolio diversification. The main objective was to know the reason of lack of portfolio diversification. This study stated that various investors claimed to know about finance terms but they did not know actually. This study used the data on 1686 Italian clients of the UniCredit group. Stratified sampling was done based on area, size and wealth. Regression analysis was used to analysis of the data. The study concluded the reason behind lack of portfolio diversification was lack of financial literacy and investors who avoid risk, low income, older house and low education were lack of financial literacy. Study further concluded that males with high income, wealth and high educational score were more financially literate.

2.1.2 Al-Tamimi (2009) studied about financial literacy and investment decisions of UAE investors. This study showed the relationship of financial literacy and the influence of the factors that can affect the investment decision. Samples of 290 respondents of UAE investors were obtained for study. They have pointed out that females were less literate than males. Further, it was concluded that there exists a relationship between financial literacy and investment decisions. Religious reasons were the most influencing factor that affects the investment decision and rumors was the least effecting factor. The conclusion indicated that financial literacy of investors was far from the needed level. The financial literacy level was affected by education level, income level,

and workplace activity. High-income respondents holding high educational degrees, and people who work in the field of finance, banking and investment was expected a higher financial literacy level than others.

2.1.3 Lusardi and Mitchell (2011) studied about financial literacy around the seven countries. Due to the risky market and globalization, it become very necessary for investor to take well informed decisions. Study was conducted in Germany, Netherlands, Sweden, Japan, Italy, New Zealand, and the United States. In these countries, older population believes that they were well informed but in reality, they were even less informed than average. Females were less financially literate than males. Who were well educated has some information but still basic education was not enough to make them proper financially literate. The sample of over 1200 respondents of age above 50 was taken. Investors who were financially knowledgeable were most likely to plan for retirement**.** It was concluded that due to new era, it become more essential for investor to be financially literate and get more information, process that information according to their knowledge and take well informed decisions for investments and when financial literacy and education were included in multivariate regression models, which shows that financial literacy has an impact above and beyond education on decisions.

2.1.4 Navickas, Gudaitis and Krajnakova (2014) studied relationship between financial literacy and management of personal finances in a young household and highlighted that financial literacy was very important for the household of youth to proper management of personal finance. The objective of the study was to explain the personal finance management and benefits of personal finance management. Another aim was to define financial literacy by using comparable analysis, the level of financial literacy and personal finance management skills. Further to compare questionnaire results with similar results of foreign researches. Lithuanian population part between 18 and 30 years old was taken for study. All questionnaires formed for study was analyzed by using descriptive statistics. Respondents were selected by random sampling. This study concluded that influence of financial literacy was very high on personal finance management and comparing of questionnaire results with researches of foreign authors concluded that OECD and USA countries lacks financial literacy as well as Lithuanians. This study cleared that young households even not known about the basics of financial literacy which could affects their decisions of retirement funds, leasing, choosing mortgages bank deposits, etc.

2.1.5 Bhushan (2014) studied about relationship between financial literacy and investment behavior of salaried Individuals and explain the need and importance of financial literacy and its relationship with investment behavior of individuals. It was further studied in this study about the relationship between financial literacy and their awareness of financial products. Area which was taken for study was three district of Himachal Pradesh which were Shimla, Kangra and Solan. Primary data was taken for study by using non-disguised structured questionnaire. Multistage sampling technique was used for data collection. 300 questionnaires were sent to each district, (total 900) from which only 590 questionnaires were received back which were complete and useful for study. OECD approach has been used to know the level of financial literacy. It was found that people were divided according to high financial literacy group and low-level financial literacy group. Finally, it was concluded that financial literacy level of individuals affects the awareness about financial products and investment preferences of financial products. It clearly shows that low level of financial literacy person invests their hard-earned money in traditional financial products rather than new financial opportunities like mutual funds, PPF, bond, stock market and more.

2.1.6 Musundi (2014) studied about relationship between financial literacy and decisions of investors who invested their money in the real estate industry. This study was conducted in real estate investors of Nairobi country. Further relationship of financial literacy and factors which affects decision of investors was studied in this paper. The research design of the study was descriptive research design. Questionnaires were used to collect the data. Target population was 140 in which 115 respondents were used to collect information for the study. This study concluded that the financial literacy of the investors was far away from the level which was needed to get wise decision and further it was also stated that the financial literacy level could affects the investment decision made by real estate investors in Nairobi city. Main drawback of this study was the small sample size, which could not present the real picture of this country and design which was used ex-post-facto research in which researcher had no control over the independent variables. So, this study recommended the scope for study further in the impact of inflation rates and non-financial factors on the decisions of investment.

2.1.7 Agarwal *et al.* (2015) studied about Financial Literacy and Financial Planning behavior which was based on advisory program from India and found out that almost every respondent was financially literate in the study while answering three easy financial literacy questions on

interest rate, inflation and risk diversification. Study further concluded that old and young were more literate than middle aged respondents. Also, males were more risk tolerant than females and respondents with high school degrees were less financially literate when compared to Ph.D. degree holders. It was stated that risky as well as conservative investors have same exposure to real estate and gold investment whereas aggressive individuals have more investments in equities as compare to conservative individuals. It was also pointed out that low risk planners have small families in comparison from aggressive planner.

2.1.8 Kimiyaghalam and Safari (2015) studied about the concept of financial literacy in different categories. The objective was to know the meaning of financial literacy and also focus on how to measure the financial literacy. In this study literacy would be categorized in four groups. These groups were knowledge regarding financial concepts, ability of managing personal finances, skill of making financial decisions and confidence of future financial planning. This study also shows that method which was applied to know the level of financial literacy in individuals were varied, it was not constant, as it was based on the different definition of financial literacy. This study concluded that different perspectives of financial literacy would end up with different measurement instruments. So financial illiteracy has become the important issue for the whole world, developing countries as well as developed countries.

2.1.9 Abdeldayem (2016) studied about the influence of financial literacy on the individual investor of the Kingdom of Bahrain. He stated that financially literate investor can take informed decisions and earn high returns. The study used questionnaire surveys of 228 investors. The level of financial literacy of the investors was measured by using the approach, Lusardi and Mitchell (2006) in the kingdom of Bahrain. T-test, Chi-square and Pearson Correlation were used to analyze the data. The study concludes that there was low level (38.6 per cent) financial literacy in Bahrain and people invest more in traditional and safe instruments than complicated instruments which were riskier but give high returns. People of high financial literacy group were aware about mostly all financial instruments except post office savings and COD (certificate of deposit).

2.1.10 Singh and Sharma (2016) studied about the Financial Literacy and its effects on Investment Behavior to do Effective Financial Planning. This study explained financial literacy and influence of financial literacy for effective future financial planning on investors. Total of

150 MCD school teachers were taken as the respondents. Descriptive statistics was used to analyze the data. Chi square and rank order test was used to check the effects of some key attributes of financial literacy and investment behavior. It was found that level of interest, level of commitment, level of knowledge played a very important role in taking decision for a particular financial instrument for the investment. Companies of financial market should create awareness regarding technical information of financial instruments so that literacy level can increase which leads to better comprehending of financial instruments according to needs of individual investors.

2.1.11 Malgit and Ambrose (2017) studied about how the investment decisions of the investors in Nigeria were influenced by financial literacy. This study was done to know all the perspective of financial literacy and to know the impacts on decisions of investors. Theory of Mental accounting, Prospect theory and Decision theory were used for the study. All theories helped in providing more useful information regarding effects of financial literacy on investment decisions. Conceptual frameworks of variables were used to explain the relationship of financial literacy and investment decisions. Variables were Independent Variables (Financial Literacy, Level of financial knowledge, Gender, Age and Dependent Variables (Investment Decision, Gains of Investments). It was found that there was lack of financial literacy in the Nigerian and people even not aware about the importance of financial literacy because people in rural areas were not even get basic education and basic needs. This study recommended that investment should be done in to increase the financial literacy in Nigerian people to take better investment decisions by understanding financial instruments and terms.

2.1.12 Kalsum et al. (2018) studied about the influence of financial literacy on investment decision in small business in southeast Sulawesi. Systematic sampling was used in the study. Total of 395 small business unit in southeast Sulawesi constitutes the sample for the study. This study concluded that financial literacy influences investment decisions of small business. Higher level of financial literacy leads to more understanding in choosing investment that can provide optimal returns and avoid risks.

2.1.13 Marimuthu and Ramesh (2019) in their study stated that financial literacy became a foundation for development of the financial system after economic reforms in India. Financially literate people get sound knowledge and aware about lots of new modern age financial instruments which can provide them better returns. The basic objective of the paper was to

estimate the level of financial literacy in Tirunelveli District which was in Tamilnadu. Sampling method which was used was quota sampling. Nature of the research was descriptive research and analytical research. Primary data were collected by using interview and schedules. Books, reports, journals, bulletin, government reports and working papers were used to collect secondary data. Multiple Regression and correlation analysis were used for the analysis of data. Correlation between the variables was found positive. According to Weighted Average Method analysis respondents were taking their financial decision correctly by their own when there were needs arise to take decision.

2.1.14 Hamza and Arif (2019) studied about Effect of Big five Personality Traits of investors. Main focus of study was to find out the relationship between financial literacy and investment decision with the effect of these traits like Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism. This study was conducted in Karachi (Pakistan). Total sample size of respondents was 244. Sampling technique which was used to collect the data was convenience sampling. The five- point Likert scale questionnaire was applied. PLS-SEM was applied for data analysis. This study concluded that financial literacy could not effect on decisions of investment through agreeableness, extraversion and conscientiousness. But it has significant positive impact through neuroticism and negative impact on decisions of investment through openness to experience.

2.2 Relationship between socio-demographic factors and investment decisions

2.2.1 Sood and Medury (2012) studied about relationship between socio-demographic factors and investment preferences of adults salaried individuals. Preferences vary one person to another according to their own needs, as every investor behaves differently while investing in financial products. Primary data was collected in this study. Questionnaires were prepared to collect the data. The sample for the study was probabilistic where method of area sampling was used. The area of study was Gurgaon, Delhi and Noida. The study was done on salaried individuals with different economic, geographical characteristics and social characteristics. 200 questionnaires were distributed in which 133 questionnaires were useful which can be included in study. The analysis of study was done by using Statistical Packages for Social Sciences (16.0). This study showed that investment preferences were not affected by age, gender, income, marital status and employment status. Investment preference of individual changes person to person. Behavior of

investment of an individual was depended on his own circumstances.

2.2.2 Patel and Patel (2012) studied about investment perspective of salaried people (private sector) and effects of demographic factors on its selection of avenue. The important elements of Investments were risk, return and Time. This study explains the behavioral pattern of investment of salaried class of private sector and stated that how the perception of persons was varying to different investment alternatives. This study also found the factor which was considered most important in selecting particular investment. Total 50 respondents were taken as a sample of this study. The data which was used in this study was primary data and secondary data. Primary data were collected through questionnaires by survey method and personal interview method was adopted to collect all the data for their study. Secondary data collected through various journals, books, publications and Internet download. The technique which was used for sampling was stratified random sampling. This study concluded that saving tax was most important factor in selection of alternative for the salaried class. Systematic investment plan (SIP) and real estate market were favored investment option for the youngsters. Gold was still in preference if we talk about females. Youth was intelligent enough to decide what was most suitable according to their needs and how to invest their hard-earned savings.

2.2.3 Patil and Nandawar (2014) studied about preferred investment avenues in Pune city. Main objective of study was to focus on the investment preferences and to know about the source of motivation. Further focus on to know the factor that influences the investment behavior or to find the problems faced by the investors. Various investment options were there in market like bank deposits, gold, real estate, post office schemes, mutual funds and portfolios etc. Investors invest their money with the different objectives like capital appreciation, profit, safety, Income stability. The study was based on primary data. The sample size was taken of 40 salaried employees. Data was collected by conducted personal interview through structured questionnaire in Pune city. Study identified the preferred investment avenues by self-assessment test. The data were analyzed by using percentage, Person Correlation Coefficient and chi-square test with the help of statistical software. The study concluded that salaried employees consider the safety and high returns on investment. Respondents were aware about the investment options available in India but there was lack of awareness about investment options in females.

2.2.4 Atchyuthan and Yogendrarajah (2017) studied about awareness regarding investment

and preferences of investment in working women. Study focused on women who were employed in government and private sector at middle level. Primary data was collected for this study. Questionnaires were used for the collection of primary data. Convenient sampling technique was used for sampling. Sample size of 125 respondents was taken from the Jaffna district, Sri Lanka. The researcher has included mostly that working women who was aware about investment avenues but they depended on their husbands in decisions making process. This study concluded that the percentage of married women who were working who took their own financial investments decisions was low. They depend on their husbands to make investment decisions as Jaffna was a male dominant area and their culture was like they respect the male's decisions more.

2.2.5 Azhar, Azilah and Syafiq (2017) studied about awareness in young generation regarding investment. Main objective of this paper was to know the relationship between awareness of investor and independent variables (financial literacy, personal interest, and environment). Primary data was used in this study. Data were collected through questionnaire. The samples which were taken of the young generation of age between 18 to 28 years old. Total number of 120 questionnaires was distributed in which only 100 were usable. Research was conducted in the area of Selangor (Malaysia). Smart PLS 3.0 was used to analyze the data. The study concluded that investment awareness among young generation was significantly based on independent variables which were taken in this study like financial literacy and personal interest but environment factor was not found significant because the young generation was not really concerned about environment.

2.2.6 Seetharaman *et al.* (2017) studied about factors which affects the choice of portfolio investment by Individual Investors. Main objective was to identify factors which can affect people's investment decisions of selecting portfolio and to know about the factors that influence investors to choose one investment over another. The primary data were collected for the study. Data were collected through an online questionnaire. Data were collected from individuals who hold an investment portfolio. 250 self-administered questionnaires were used to collect data from the respondents. A questionnaire using a 5-point Likert scale for collection of data. A total of 206 questionnaires out of 250 were received which are useful for this analysis. This study pinpointed the useful information regarding the factors that was needed by financial advisers and individuals to consider in improving their choice of the portfolio of investment. It was cleared from this study that the objective of investment and asset familiarity played important role in the choice of the

portfolio of investments.

2.2.7 Venkataiah and Rao (2018) studied about Investor's perception towards various investment avenues available for investment and also analyzed the investor perception towards various alternatives of investment. The major objective of this study was to check the influence of demographic factors on the choice of investment on investors. The study further analyzed the investment decisions of investors among available various alternatives of investment across gender to explain which factor influence the decisions of investor of investment selection. Total 120 respondents were taken as a sample of this study. The Vijayawada city of Andhra Pradesh was taken as a geographical region to take sample. The design used in this study was Descriptive research design. The data which was used in this study was primary data. Structured questionnaire and direct interview method were adopted to collect all the data for their study. The technique which was used for sampling was Convenience sampling. Data was analyzed using Standard Deviation, Mean, ANOVA, Chi-square test, Kruskal-Wallis test, Mann-Whitney U test. This study concluded that choices of investment were same across gender in case of gold and age in case of real estate and insurance sector, but influence the choice of stock market, bank savings and post office savings. Finally, it has been observed that investments by the investors in various options of investment was associated with hope of capital appreciation and earnings but they do not consider the time period of investment.

2.2.8 Priyanka and Tripathi (2019) studied about the demographic factors which effect the investment behavior of the investor. They stated that Indian economy was very complicated. There was wide scope in area of investment and finance. There were numbers of options available to invest. If investor invest their money by proper planning and take informed decisions, then they can earn high returns. Country economy runs by activities like exchange, investment and distribution etc. This study pin pointed that there was number of variables which can influence investor decisions. Demographic factors like income, age, marital status, educational qualification can affect the decisions. Risk bearing capacity, investment experience, liquidity preferences, level of confidence, lifestyle were most influencing factor of individuals to take decisions. They concluded that it was very important for the policy makers and agencies that to understand saving and investment behavior of investor to prepare themselves according to the changing behavior of investor.

2.2.9 Bansal and Shukhija (2019) studied about the comparative analysis of investment patterns and investment behavior of individual investor. This study was conducted in Punjab and Haryana. This study focused on socio-demographic factors which influence the pattern of investment as well as behavior of investment. These factors can be profit, security, appreciation, savings of tax, friends and expert opinion and motives of savings and last discomforts in investing. Data of 500 respondents were taken in Punjab & Haryana. Data was collected by using structured questionnaire. Research design was descriptive research design. Sampling technique which was used was convenient sampling technique. Analysis of data was done through Independent T-test. Researcher employed SPSS software for statistical analysis. This study showed that people of both states invest 0-20 per cent of their income in investment activities. Return was most preferable factor for investor. Family members were the most influencing factor. It was concluded in study that there was no significant difference in the investment patterns of individual investor in both states.

2.2.10 Sharma and Shah (2020) studied about new age investment avenues in Ahmadabad city. This study shows that an investor has basic three objectives of investment which were returns, safety, and liquidity. Main objective of paper was to study awareness and preference of investors towards various options of investment and focus on factors which affect their decisions. The design of this study was descriptive research design. Sample was taken from Ahmadabad city. Total number of respondents was 120. The research design used in the research was descriptive. Primary data was used in this study and collection of data was done through questionnaires. Secondary data was also used and collection of secondary data was from newspapers, blog posts, magazines, books, etc. Sampling technique which used was Convenience sampling. This study concluded that most of the investors applied conservative approach in investment and investor prefer to do investment in the safe avenues, less risky even give less returns.

2.3 Relationship between socio-demographic factors and financial literacy

2.3.1 Wagland and Taylor (2009) studied about relationship between gender and financial literacy. The objective of the study was to investigate the differences in financial literacy among Australian UWS business students explained by gender. The population for this study were a sample of undergraduate students at University of Western Sydney. Total of 165 students constitutes the sample for this study. Linear regression was used for data analysis. This study

concluded that there was need to improve financial literacy skills amongst students, the finding indicated that gender was not a significant factor among Australian students.

2.3.2 Bhushan and Medury (2013) studied about the financial literacy and its determinants. The main objective was to study the relationship between socio-demographic factors and financial literacy. Multistage sampling technique was used for sampling in this study. A total of 516 respondents constitutes a sample for the study from Himachal Pradesh. To check the financial literacy level thirteen questions were asked from respondents. The hypothesis of this study has been tested with help of Annona. This study concluded that the financial literacy level is more in males than females. As age progresses financial literacy level also increases. More the education level more the level of financial literacy. The result suggested that level of financial literacy varies significantly among respondents based on their demographic and socio-economic factors.

2.3.3 Potrich, viera and kirch (2015) studied relationship between socio-demographic factors and financial literacy. The sample of 1400 individuals were taken for the study from Brazil. Multivariate analysis technique and descriptive statistics were used for data analysis. This study concluded that men who do not have dependent family member, high education and high-income level was belongs to high level financial literacy group. Women having dependent family members, low education level and low-income level was having low level of financial literacy.

2.3.4 Narula (2015) studied about financial literacy level and personal finance decision of retail investors in Delhi. This studied focused on effects of demographic factors on financial literacy. Main objective of the study was to know about variation between personal investments decisions at different financial literacy level in short, medium & long term. Research Design which was used in the paper was Descriptive design. Population was retail investors of Delhi. Sample size was 100 respondents. In this study primary and secondary data was collected. Primary data was collected through a survey. The survey was carried out by means of structured questionnaire. Secondary data was collected from research papers, articles and various journals. T-test, Friedman Test and ANOVA were used for analysis. Conclusion of this paper showed that mostly investors had medium level of knowledge of financial literacy. Significant difference was observed between financial literacy among various age groups. The study also revealed that investment decisions were related to time period as the preference of investors of same level financial literacy was different in different time period.

2.3.5 Ozdemir *et al*. (2015) studied about the financial literacy of university students of Anadolu University, Turkey. The main objective was to study the effects of education on financial literacy. The financial literacy scale designed for OECD members countries were used in the study. Stratified sampling method was used for sampling. A total of 235 students constitutes the sample for this study. Cluster analysis and Chi-square test were used for analysis of data. This study concluded that financial literacy level of the respondents was considerably high, this situation indicated the importance of education content in financial literacy. When relation between gender and financial literacy were researched, a statistically significant relationship between these two variables were not observed.

2.3.6 Agarwalla et al. (2015) studied about financial literacy and its relationship with socio-demographic factors. The sample was obtained from six major cities of India. Cities are Mumbai, Delhi, Bangalore, Hyderabad, Chennai and Pune. Total of 1000 individuals were constitutes the sample for this study. Financial literacy related data were collected through OECD INFE questionnaires. Logistic regression was used for data analysis. This study concluded that level of financial literacy among the working young in urban India is similar to another countries. The influence of joint family and decision making were more prevalent in India.

2.3.7 Arora (2016) studied about financial literacy in women. To study the relationship between demographic factors and financial literacy was the main objective of study. This study was conducted in women of Rajasthan. Financial literacy was assessed based on their financial knowledge, attitude and behavior. Total 700 questionnaires were distributed but only about 444 respondents to the same. This study concluded that the women from rural areas do not have much financial knowledge as compare to the women from cities and town. Women who was highly educated has more financial knowledge than who has low level of education.

2.3.8 Janor *et al.* (2017) studied about the financial literacy in two countries that were Malaysia and United Kingdom. They stated that financial literacy was very important for the total socio-economic growth of the country. A comparative analysis of both the country was done with respect to financial literacy level. Questionnaire developed by the OECD was used to conduct the survey for collection of data and results. Socioeconomic and demographic factors were also considered to know the financial literacy level of both the countries. It was concluded that level of financial literacy in Malaysia and United Kingdom were low and it was necessary for

government to increase awareness of financial literacy by taking some essential steps. This research paper contains information that can be useful to make guidelines for directing administrators and educators in making suitable financial literacy components in their training programs, which can be useful for people and can be useful for researchers for future research.

3. Research Gap: After carefully studying the national and international literature, it has been found that many researchers have keen interest to investigate about financial literacy and investment decisions. Few studies have been pursued on domestic level and in different states in India like Chennai, Ahmedabad, Andhra Pradesh and in capital of India (Delhi) but no comprehensive study is found till date in Haryana on Generation Z and Millennials. So, it catches my attention to pursue my research on this topic to bridge this gap.

4. Relevance of the Study: Financial literacy opens the door to financial success of investor. The findings of the study will be useful for the financial institutions, regulators as well as investor himself. This study will be beneficial for the investor to have a realistic view of their financial knowledge, financial behavior and financial attitude towards various investments. Investor will know about different investment avenues. This study will help to financial institution of Haryana to make better financial literacy programs for the people of Haryana.

5. Research Methodology: Research methodology is the specific technique used to find solution for any research problem. The research methodology covers the objectives of the study, hypothesis of the study, scope of the study, sample design, data collection and data analysis tools, organization of the study, significance of the study and limitation of the study**.**

5.1 Objectives

- To study the determinants of financial literacy among the respondents.
- To study the effects of financial literacy on investment decisions.
- To study the effects of socio-demographic factors on investment decisions.
- To provide suggestions to investors, financial institutions and regulators for better investment decisions.

5.2 Research Design: The design of the proposed research study would be exploratory and descriptive research.

Hypotheses of the study

H1: There is no significant association between financial literacy and investment decisions.

H2: There is no significant association between socio-demographic factors and investment decisions.

5.3 Variables of study

The variables description used in the present study is given below, but it can be increased or decreased according to requirement of the study.

Socio-demographic factors	Financial literacy	Investment decisions
Age	Financial knowledge	Investment avenue
Gender	Financial behavior	Investment horizon
Monthly income	Financial attitude	Expectations of returns
Educational qualification		Investment objective
Marital status		
Occupation		
Size of family etc.		

5.4 Scope of the Study: The present study will focus on the two generations that is Millennials and Gen Z in Haryana. The data will be gathered from 400 respondents from selected districts of six administrative divisions of Haryana. Haryana has six administrative divisions, 22 districts, 73 sub-divisions, 93 revenue tehsils, 50 sub-tehsils. Six districts will be selected by random sampling from the administrative divisions of Haryana.

5.5 Sampling design: Simple random sampling method will be used to select the sample investors. The sample size of the study is proposed to 400 investors (Yamane 1967, Krejice Morgan,1970) but it can be increased or decreased according to requirement of study.

5.6 Collection of data: In the proposed research both primary and secondary data will be used. The primary data will be collected from structured questionnaires. The secondary data will be collected from various research papers, conference, published books, websites etc.

5.7 Statistical techniques: The collected data will be analyzed by applying the relevant techniques such as mean, percentage, regression, correlation, t test, factor analysis, ANOVA, chi-square, etc. as per the requirement of the study. The collected data will be analyzed using SPSS and other required software.

6. Organization of the Study:

The study is proposed to be organized in the following chapters:

6.1 Introduction: In this chapter, introduction to financial literacy, investment decisions and various investment avenues will be given.

6.2 Review of Literature: In this chapter, literature related to topic will be reviewed to support the present study. With the help of review research gap will be highlighted.

6.3 Research Methodology: In this chapter, objectives of the study will be presented and subsequently research methodology to be used for the study. Finally, it will present data collection tools, tools and technique to be used for analysis of the data, relevance and limitation of the study.

6.4 Analysis and Interpretation: This chapter will be dealing with analysis of collected data to achieve the objectives of the study.

6.5 Major Findings, conclusion and suggestions: This chapter will summarize the major findings and conclusions of the study. It will also provide some suggestions based on research findings.

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Appendices

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Signature of chairperson of the department

(with official seal)